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ConnectME Authority

November 24, 2010 – Meeting Notes

I. Introductions

Authority Members: Dick Thompson, Acting Chair, Vendeau Vafiades
Greg McNeal

Staff: Phil Lindley, Kelly Arata

II. Audit Update – MacDonald Page

Jeff Hubert and Bob Dube from MacDonald Page submitted their draft audit report for review. The final report has a due date of December 1, 2010. Mr. Hubert noted that no federal audit was necessary because ARRA NTIA grant funding spent is under the \$500,000 fiscal year threshold. Mr. Dube reviewed the financial statements contained in the audit report. The statements are presented on an accrual basis. There were no matters to report on Internal Control over Financial Reporting as well as Compliance and Other Matters. Mr. Dube recommended that the Authority review the delinquent service provider list to see if those providers are still in business or if they owe money because the carrier has not filed a self-invoice. In addition, Mr. Dube noted that they would schedule a meeting for fall of 2011 by June 30, 2011. Also, an audit will be needed on the NTIA grant.

Greg McNeal made a motion to accept the report as approved. All members present voted in favor.

III. Fifth Grant Round Awards

Phil Lindley stated that the Grant Application Review Team is recommending that 16 out of 18 applications be awarded grants for a total of \$1.5 million, as follows:

- Aroostook County/TWC/Sinclair - \$171,500
- Baldwin/TWC/East Baldwin - \$21,847
- Baldwin/TWC/West Baldwin - \$90,441
- Cornerstone Communication/Charleston - \$146,374
- Hiram/TWC/Hiram - North - \$166,892
- Hiram/TWC/Hiram - South - \$65,946
- Island Telephone Co/TDS/Isle Au Haut - \$51,312
- North Country Broadband/Abbott - \$191,384
- North Country Broadband/Shirley - \$174,260
- Orrington/TWC - \$46,854
- Oxford County Tel & Tel/Sumner, Turner, No. Turner - \$168,444
- Oxford West/Bethel, No. Norway, W. Bethel - \$174,625

- Premium Choice Broadband/Long Pond - \$7,649
- Premium Choice Broadband/East Hancock - \$19,849
- Premium Choice Broadband/Ebeemee - \$13,394
- Premium Choice Broadband/Gouldsboro - \$12,899

Commissioner Vafiades asked if take rates are shown. Phil Lindley stated that none of the applications discussed take rates but community support has evidence of support and subscription. Commissioner Vafiades stated that they do not know exactly how much service would cost and that \$700-\$800 (grant dollars per household) would be uneconomical but the provider is willing to provide service if the capital cost is subsidized. In addition, she thought it would be good to know expected take rates in the future. It seems like providers and others in the communities are interested. Mr. Lindley stated that we can add that idea in the next round of grant requests. Commissioner Vafiades further asked if the service provider was using fiber and copper or fiber and fiber to the home. Mr. Lindley stated that while copper to homes tend to be at a lower cost, our first concern is whether they can deliver broadband to unserved areas.

Commissioner Vafiades asked if there is only one provider to work with in an area. Mr. Lindley stated that he provides a list of all service providers that are available and noted that sometimes it is only one service provider. Dick Thompson asked if take rates could be reported after the end of the grant. Mr. Lindley stated that the Authority does ask for the number of subscribers that they do have. Commissioner Vafiades thought that it would be a good idea to know the cost if doing fiber and copper and also fiber to the home. Dick Thompson asked what a good match rate/participation rate is and should there be a minimum threshold. Mr. Lindley stated that guideline is 50%. The cost will increase per household as we go further out in the rural areas. Dick Thompson stated that the Authority could help lower the cost.

Commissioner Vafiades made a motion to accept the Grant Application Review Team's recommendation to fund all 16 grant requests. All members present voted in favor.

IV. Mapping and Planning Project – James Sewall Company

Phil Lindley provided James Sewall Company's status update to the Authority members for their information. No discussion.

V. Executive Director Report

Phil Lindley provided the Authority with the Maine ConnectME Fund Performance Report for October 2010. There was no discussion.

VI. Public Comment Period

A Town of Hiram representative asked what happens if there is a challenge to a grant request. Phil Lindley stated that the Applicant and the Challenger will work out the challenge. The Grant could then become unnecessary or need revision. If there is no challenge, then the Applicant would receive 25% upfront and successive 25% payments.